Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 06-121
	)	
2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 02-277
	)	
Cross-Ownership of Broadcast Stations and Newspapers	)	MM Docket No. 01-235
	)	
Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets	)	MM Docket No. 01-317
	)	
Definition of Radio Markets	)	MM Docket No. 00-244

To: The Commission

COMMENTS OF NBC UNIVERSAL, INC. AND NBC TELEMUNDO LICENSE CO.

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October 23, 2006

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I. INTRODUCTION AND SUMMARY

Americans today have access to an overwhelming variety of video programming, including content available through technological means that were unimaginable when the Commission's local television ownership restriction was put in place more than 40 years ago. Just in the three years since the Commission correctly concluded in the *2002*

Biennial Review[1] that its local television ownership rule was overly restrictive, the competitive environment in which television stations operate has been radically transformed:

- In terms of local ad revenues, the local cable operator is already larger than the single most successful local television station in many markets.
- Local advertising on cable systems continues to increase dramatically, growing by 50 percent between 2001 and 2005.
- Local advertising on websites has become the fastest-growing category of ad spending, growing by more than 191 percent between 2001 and 2005.
- More viewers watch cable programming networks during primetime on any given evening than watch the local television broadcast affiliates of the four major broadcast networks *combined*.
- Video on the Internet is growing explosively, further fragmenting the audience for local television stations. Already, one video website – YouTube – claims that consumers view videos on its site between 70 million and 100 million times every day.
- Local cable and Internet news outlets continue to develop, while a recent study showed that less than half of the 1,223 local television stations surveyed reported that they broke even on their news operations.
- Growing competition for ad revenues and fragmenting audiences threaten the viability of local television stations as never before, causing market values of broadcast television companies to plummet since the local television rule was last revised.

[1] *2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996,* Report and Order and Notice of Proposed Rulemaking, 18 FCC Rcd 13620,13671, ¶ 140 (2003) ("*2002 Biennial Review Order*"), *aff'd in part and remanded in part, Prometheus Radio Project v. FCC*, 373 F.3d 372 (2004), *cert. denied*, 545 U.S. 1123 (2005).

The local television ownership rules were developed in the 1960s,[2] when television sets were mostly black and white; television offerings were basically limited to the programming aired by three networks; there were no cable or satellite programming services, no personal computers or Internet, no VCRs, DVDs, iPods, video-on-demand or TiVo. In short, stations faced no competition for viewers in the video programming delivery market. That regulatory structure, which imposes strict limits on local television station ownership while cable and Direct Broadcast Satellite ("DBS") competitors control hundreds of channels and Internet competitors provide potentially limitless sources of video content, has been modified only once in more than 40 years.[3] Even this 1999 modification was merely a minor tweaking of the rule that, according to the D.C. Circuit, improperly failed to account for the full range of media voices available *even then* in a given market.[4]

In its *2002 Biennial Review Order*, the Commission found that "the magnitude of the growth in local media voices shows that there will be a plethora of voices in most or all markets absent the rule. Indeed, the question confronting media companies today is

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[2] The Commission first adopted a rule prohibiting the common ownership of two television stations with overlapping Grade B contours in 1964. *See 2002 Biennial Review Order,* 18 FCC Rcd at 13668-69, ¶ 135.

[3] Congress directed the Commission in the Telecommunications Act of 1996 to "conduct a rulemaking proceeding to determine whether to retain, modify, or eliminate its limitations on the number of television stations that a person or entity may own, operate, or control, or have a cognizable interest in, within the same television market." *See id.* In response, the Commission revised the rule in 1999 to permit the common ownership of up to two television stations in a market where at least eight independently owned full-power television stations would remain following the merger. The Commission cited as reasons for the rule change "the growth in the number and variety of local media outlets and the efficiencies and public service benefits that can be obtained from joint ownership." *Id.* The Commission also sought to "facilitate further development of competition in the video marketplace and to strengthen the potential of broadcasters to serve the public interest." *Id.*

[4] *See Sinclair Broadcast Group, Inc. v. FCC*, 284 F.3d 148 (D.C. Cir. 2002), *rehearing and rehearing en banc den.*, 2002 U.S. App. LEXIS 16618, 16619 (D.C. Cir. 2002). The court of appeals in *Sinclair* remanded the revised television ownership rule to the Commission because it concluded that the Commission's exclusion of nonbroadcast media from the eight-voices test was arbitrary and capricious.

not whether they will be able to dominate the distribution of news and information in any market, but whether they will be able to be heard at all among the cacophony of voices vying for the attention of Americans."[5] Based on this finding, the Commission concluded that its existing rules were unduly restrictive and therefore reduced its regulation of local television ownership. Due to the Third Circuit's decision on appeal from that Order,[6] however, even this modest deregulatory initiative has not been implemented. Thus, the fundamental regulatory structure governing local television ownership has remained essentially unchanged for decades while the real world of the media marketplace has experienced revolutionary changes in both the delivery and variety of programming choices for consumers.

Despite the intense competitive pressures and outmoded regulatory structure under which the television broadcast service operates, local television stations continue to provide outstanding service to their local audiences, particularly in their offerings of local news and public affairs programming that contribute to an informed electorate.[7] But it is indisputably expensive to produce and broadcast news and other local programming. Continuing to serve local audiences with the programming they expect and depend on is a real challenge for local television stations in today's hypercompetitive media market. And under the current regulatory structure, local stations must pursue strategies other than economies of scale at the local level to preserve their operations.

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[5] *2002 Biennial Review Order*, 18 FCC Rcd at 13766-67, ¶ 367.

[6] *Prometheus Radio Project v. FCC*, 373 F.3d 373 (3rd Cir. 2004).

[7] *See Turner Broadcasting System, Inc. v. FCC,* 512 U.S. 622, 648 (1994).

The cost of producing news and other local programming is not the only challenge facing local television stations in today's media environment. Among all of the video distribution platforms available today, only television offers its services for free to each and every household within the service area of a local station. Only television depends almost exclusively on a single revenue stream – ad dollars – while its competitors (cable, DBS and Internet service providers) support their operations with both subscription fees and ad revenues. Only television station licensees are subject to an affirmative obligation to address the needs, interests and concerns of their local viewing audiences through programming, including a minimum number of hours per week of children's educational and informational programming. And only television operates under a regulatory scheme that has not been materially revised in light of changing market conditions – including the emergence of hundreds or even thousands of new competitors – in more than 40 years.

The challenge facing the Commission in this proceeding is how best to protect and foster the economic competition, diversity and localism that broadcast stations contribute to their local markets, while creating a framework for continued growth of this important medium in light of today's – and *tomorrow's* – dynamic media marketplace. The Commission's public policy goals will not be achieved if the regulatory structure burdens only certain participants in that marketplace and ultimately stifles innovation, restrains competition and diminishes choices available to consumers. Rhetoric about "big media" without analysis and discussion of the realities of providing the high-production values and expensive news, entertainment and sports sought by today's media-savvy audiences does not help the Commission discharge its obligations to set reasoned and realistic public policy. The Commission should take into account that significant financial resources are required to meet the demands of audiences for high-production value TV programs with increasingly costly infrastructures. Because free, over-the-air television is a critical component of today's competitive marketplace, it is important for it to remain a strong and viable competitor to cable and other fee-based services and as a primary source of news and information highly valued by local viewers. To ensure the continued survival of local television stations and the valuable public services they perform, broadcasters must have more freedom to compete with their multichannel and Internet rivals, including the ability to realize additional revenue opportunities from the state-of-the-art digital facilities they have built at the direction of Congress and the Commission.

The radical changes of the last three years underscore the importance of crafting rules that will foster a media marketplace in which consumers have meaningful choices among multiple competing video programming providers and platforms. The Commission's duty in this proceeding, both as a general matter and pursuant to Congress' clear direction in the Telecommunications Act of 1996, is to "give recognition to [the market] changes which have taken place and to see to it that [ownership rules] adequately reflect the situation as it is, not *was*."[8] The starting point for this endeavor must be an accurate and complete understanding of today's media marketplace and where that marketplace is headed in the years to come.

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[8] *2002 Biennial Review Order*, 18 FCC Rcd at 13766-67, ¶ 367 (emphasis added) (citation omitted).

II. ADVERTISERS HAVE AN UNPRECEDENTED AND EXPANDING ARRAY OF COMPETITIVE CHOICES AVAILABLE TO THEM

Television stations have never faced a more rapidly changing and competitive environment for advertising revenues than they do today. Both cable and the Internet have emerged as strong and effective competitors for local advertisers and are siphoning substantial local ad revenues away from television stations, a trend that is expected to continue.

A. Competition from Local Cable Systems

Local television stations are facing intense and accelerating competition for advertising revenues from local cable systems. In major markets, local advertising revenues on the cable system operated by the largest multiple system operator ("MSO") now surpass the ad revenues earned by the largest television station in the market. Factors contributing to the growth of local cable advertising include increasing consolidation of cable markets in the hands of a single MSO – "clustering" – and the rise of "interconnects" – new technology that facilitates the sale of advertisements on multiple, separately owned cable systems.[9]

As the Commission has recognized, clustering offers distinct benefits to cable operators, including marketing efficiencies and increased advertising opportunities within clusters of commonly owned systems.[10] The MSO market reflects the Commission's

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[9] Project for Excellence in Journalism, *The State of the News Media 2006: An Annual Report on American Journalism*, Ch. Local TV § Local Cable Advertising at 19 (*"PEJ 2006 Report"*), http://www.stateofthenewsmedia.org/2006/narrative_localtv_intro.asp?cat=1&media=7. The Project for Excellence in Journalism is a project of the Pew Research Center. *See* Journalism.org About PEJ Partners, http://www.journalism.org/about_pej/partners (last visited Oct. 23, 2006).

[10] *Applications for Consent to the Assignment and/or Transfer of Control of Licenses; Adelphia Communications Corporation, Assignors, to Time Warner Cable, Inc. and Comcast Corporation*,

analysis: In 16 of the top 20 television markets, one MSO controls at least 75 percent of the cable subscriber base.[11]

In the relatively few markets where there are a number of separately owned cable systems, interconnects allow advertisers to air ads simultaneously across all participating systems in a television market, thereby achieving the same efficiencies realized by commonly owned systems in a market.[12] According to the most recent report on the State of the News Media presented by the Project for Excellence in Journalism, interconnects present serious competitive challenges to local television stations because they allow cable systems to offer rates that are a fraction of what individual stations must charge for the same ad; the participating cable systems make more money than competing television stations by aggregating the revenues from ads on 30 or 40 different cable channels[13] – a business strategy not available to local television stations.

As a result of market consolidation and the rise of interconnects, the growth rate of local cable advertising far outpaces that of local television. For the period 2001-2005, locally targeted advertising on cable systems grew by 50 percent, while local television stations' ad revenues grew at a rate of just 5.6 percent.[14] This trend is projected to continue, with television stations expected to experience a continuing decline in growth

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Memorandum Opinion and Order, 21 FCC Rcd 8203, 8315 ¶ 264, 8318 ¶ 271 (2006); *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Twelfth Annual Report, 21 FCC Rcd 2503, 2574, ¶¶ 154-55 (2006) ("*12th Annual Video Competition Report*").

[11] *See* Appendix attached hereto, Analysis of Local Media Data at 1 (Oct. 23, 2006) ("Appendix").

[12] *See PEJ 2006 Report*, Ch. Local TV § Local Cable Advertising at 20.

[13] *Id.*

[14] Appendix at 2.

rate (to -0.5 percent) between 2005 and 2009 and cable systems expected to maintain a growth rate of approximately 45.8 percent during the same period.[15]

Two major markets in which Comcast has long operated consolidated regional clusters illustrate this trend. In Philadelphia, where Comcast is the single dominant cable operator, Comcast's local cable revenues in 2005 exceeded the revenues earned by the number one station in the market, ABC's WPVI, by $26 million.[16] This disparity is projected to increase to $91 million by 2009.[17] The same pattern is reflected in San Francisco, but with an even greater disparity – $70 million – between the ad revenues earned in 2005 by Comcast's consolidated system and the revenues of the leading station, Fox's KTVU[18] – a difference that is projected to nearly double by 2009.[19]

As a further illustration of the unprecedented levels of local media competition, cable also is making serious inroads in the key and indisputably local area of political advertising sales. The *Wall Street Journal* reported recently that "unlike previous midterm election years, candidates are devoting more money than ever to cable TV in an effort to target voters more precisely."[20] National Cable Communications, the spot cable-ad firm jointly owned by Comcast, Cox and Time Warner, estimates that approximately $200 million will be spent during the midterm election cycle on local and national cable

[15] *Id.*

[16] *Id.* at 3.

[17] *Id.*

[18] *Id.* at 4.

[19] *Id.*

[20] *See* Amy Schatz, *As TV Campaign Spending Soars, Cable Outlets Attract More Dollars*, Wall St. J., Aug. 28, 2006, at A1.

spots.[21] These are revenues that traditionally would have been earned by local television stations. The willingness of political candidates to shift these ad dollars to local cable systems clearly reflects their belief that cable is an effective means of reaching local viewers and voters.

The trend is clear: Even when compared solely on the basis of local advertising revenues, the largest media outlet in many markets is more likely to be the local cable system than even the most successful television station in the market. Despite its substantial growth during the last five years, however, cable is not the fastest-growing outlet for local advertising.

B. Competition from the Internet

Although the Internet was virtually unused by advertisers when the Commission last revised the local television ownership rule in 1999, the growth rate of local online spending is now outpacing all other forms of media, including cable, broadcast (radio and television), newspapers, national online and outdoor advertising.[22] Spending on ads appearing in locally oriented websites grew by an astonishing 191 percent between 2001 and 2005 – a growth rate projected to continue at least through 2009.[23] This growth is being driven by a number of factors, including a shift from "classified"-style ads on websites to a broader set of display and paid search advertising.[24] Also fueling the growth of online advertising is the feasibility of full video ads – TV-like commercials made possible by increasing broadband penetration in America. According to a recent

[21] *Id.*

[22] Appendix at 5.

[23] *Id.* at 6.

[24] *Id.*

Wall Street Journal report, "[d]emand is so strong for [Internet] video ads . . . that prices are now on par with TV. The average cost of reaching 1,000 Web viewers, the standard TV ad-pricing measure, is about $25 to $30, about the same as a 30-second ad on ABC's hit show 'Desperate Housewives' for the fall season, according to a media buyer."[25]

While the growth trajectory of the Internet as an advertising medium is remarkable, the absolute dollars involved are staggering. Internet advertising revenues are expected to hit $15 billion domestically this year and $25 billion by 2010. The growing subset of video-based Internet advertising is expected to reach $640 million this year and $1.5 billion by 2009.[26]

These developments benefit all advertisers and reflect a robust local advertising market across numerous media that compete directly with each other for ad dollars. Advertisers have responded to these developments by choosing a dynamic mix of media for their ad campaigns, including cable, newspapers, the Internet, outdoor displays and broadcast radio and television.[27] For television broadcasters, however, the trend is much less promising, particularly in the current regulatory environment. Broadcast television stations now capture less than 40 percent of the advertiser spending on newspapers, outdoor displays and broadcast stations.[28] When spending on cable and the Internet is

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[25] Julia Angwin, *MSN Gets Strong Start in Race to Win Web Video Ads*, Wall St. J., Aug. 2, 2006, at B1.

[26] *See* Steve Rosenbush, *Google Competitors Beware*, BusinessWeek Online, Oct. 10, 2006, *available at* http://www.businessweek.com/technology/content/oct2006/tc20061010_510877.htm?chan=search (last visited Oct. 13, 2006).

[27] Appendix at 7.

[28] *Id.*

considered, television's share of ad revenues dips even further and will continue to decline as cable and online ad spending grows.[29]

As further evidence of the toll taken by the combined pressures of increased competition coupled with outmoded regulation, the market values of television companies have plummeted since the Commission last revised the local television ownership rule. According to a Bear Stearns report issued in May 2006, from year-end 1999 to May 2006, "the average local pure-play TV stock has declined 65% …"[30] Unfortunately, this trend of declining television stock values has continued through the second and third quarters of 2006, despite the strong recovery of non-television stocks in the third quarter.[31] In contrast, the leading Internet video website, YouTube, did not even exist until less than two years ago, but already has grown to a market value of $1.65 billion.

III. DRAMATICALLY EXPANDED NEW MEDIA ALTERNATIVES OFFER UNPRECEDENTED DIVERSITY TO CONSUMERS SINCE THE LOCAL TELEVISION OWNERSHIP RULE WAS LAST REVISED

When the local television ownership rule was first adopted in 1964, viewers had a mere handful of channels from which to choose, and cable programming services were non-existent. Now, the average household with access to cable or other multichannel services has over 100 channels of programming available to it.[32] The Internet, too, was non-existent in 1964. Now, however, it is poised to become the universal medium of information and entertainment.

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[29] *Id.*

[30] *See* Victor B. Miller IV, *et al.*, Bear Stearns, *Local TV: It's All About Leverage*, at 7-8 (May 26, 2006).

[31] *See No Q3 Recovery for TV Stocks*, Television Business Report, Oct. 10, 2006.

[32] Appendix at 8.

A. Cable Systems Offer Literally Hundreds of Programming Channels

The competitive pressures facing television stations for viewers have reached unprecedented levels. As of June 2005, almost 86 percent of American television households subscribed to a multichannel video programming distributor (MVPD).[33] Of these MVPD households, 69.4 percent subscribed to a local franchised cable operator and 27.7 percent subscribed to DBS.[34] The four largest MVPDs (Comcast, DirecTV, EchoStar and Time Warner) accounted for 63 percent of all MVPD subscribers.[35] In 2005, these cable and DBS operators offered 531 satellite-delivered national programming networks[36] and 96 regional networks[37] to more than 94 million television households. As cable and DBS penetration rates climb and the number of cable channels and nonbroadcast networks continues to grow, broadcast television stations' audience shares have fallen and continue to fall.

As the Commission has reported, for the 2004-2005 television season, "television stations accounted for a combined average 47 share of prime time viewing among all television households," while nonbroadcast channels (including basic, premium and pay-per-view services) accounted for a combined average 53 share of prime time viewing among all television households.[38] When based on all-day (24-hour) shares, the spread is even wider – television stations accounted for a combined average 41 share, while

[33] *12th Annual Video Competition Report*, 21 FCC Rcd at 2506-07, ¶ 8; Appendix at 9.

[34] *12th Annual Video Competition Report*, 21 FCC Rcd at 2506-07, ¶ 8.

[35] *Id.*

[36] *Id.* at 2509-10, ¶¶ 21-22. This figure represents a 37 percent increase in the number of national networks over the prior year. *Id.* at 2575, ¶ 157; 2587 ¶ 185. While the Commission attributes part of the increase in the number of national networks to its own internal data corrections, it also represents significant growth, particularly in new networks. *Id*. at 2575-76, ¶ 158.

[37] *Id.* at 2579-80, ¶ 166.

[38] *Id.* at 2550-51, ¶ 93.

nonbroadcast channels accounted for a 59 share of all-day viewing in the 2004-2005 season.[39] More recent statistics confirm these viewing trends. In prime time, cable networks now capture a 55 share compared to the broadcast networks' combined 45 share.[40] Total day share statistics show that television households devote nearly two-thirds of the time spent watching television viewing cable networks as opposed to programming on local television stations.[41] In short, with a broader set of programming options available to them, viewers have dedicated an increasing proportion of their television time to nonbroadcast cable networks. These viewing patterns have a direct and adverse impact on the ability of television stations to attract the mass advertisers that are essential to the survival of free, over-the television – as viewers turn increasingly to cable programming services, television stations risk "death by a thousand channels."

B. The Internet Is a Brand-New Medium for the Delivery of Video Content

Television stations also face growing competition for viewers from the Internet – a medium that did not even exist as a vehicle for the delivery of video programming when the Commission last revised the local television ownership rule. After years of phenomenal growth, the Internet has continued to expand at an exponential rate and is now poised to become the universal medium of information and entertainment. Indeed, through the Internet, "Americans can access virtually any information, anywhere, on any topic."[42] The number of individual web pages indexed by Google reportedly exceeds 25

[39] *Id.*

[40] Appendix at 10.

[41] *Id.* at 8.

[42] *2002 Biennial Review Order*, 18 FCC Rcd at 13623, ¶ 3.

billion – an expansion of 537% since early 2004.[43] The number of adult Americans utilizing the Internet has risen to about 147 million.[44] This is more than twice the level of usage that existed just five years ago.

Of even greater importance for this proceeding, in just the last 12 months, the Internet has been transformed from a source of text, photos and short video clips to a destination portal for full-length video programming. As with the growth in Internet advertising, rising broadband penetration rates account for this transformation. A recent report from the Pew Internet and American Life Project found that the number of Americans with broadband Internet connections at home increased 40 percent from March 2005 to March 2006 (from 60 million in March 2005 to 84 million in March 2006), twice the growth rate of the year before.[45] The study also found that significant increases in broadband adoption cut across the key demographic categories of income, race, education and age. According to this independent research:

- Broadband adoption increased 68 percent among middle-income households (those with incomes between $40,000 and $50,000 per year).

- Broadband adoption increased by 121 percent among African Americans.

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[43] *See* Wikipedia.org Google Search, http://en.wikipedia.org/wiki/Google_search#_note-1 (last visited Oct. 19, 2006). According to the online encyclopedia Wikipedia, Google no longer reports the number of pages indexed by its search engine, but Wikipedia states that in its last such report, Google claimed to have indexed 25 billion web pages. *See also* Google.com Corporate Information, http://www.google.com/corporate/facts.html (last visited Oct. 22, 2006) (characterizing Google as "the largest index on the web" with "billions of pages" indexed).

[44] *PEJ 2006 Report*, Ch. Online § Audience at 12, http://www.stateofthemedia.org/2006/narrative_online_audience.asp (last visited Sept. 11, 2006); *see also* Data Memo by Mary Madden, Research Specialist, Pew Internet & American Life Project, *Internet Penetration & Impact* at 3 (Apr. 2006), *available at* http://www.pewinternet.org/pdfs/PIP_Internet_Impact.pdf.

[45] *See* John B. Horrigan, Pew Internet & American Life Project, *Home Broadband Adoption 2006: Home Broadband Adoption is Going Mainstream and That Means User-Generated Content is Coming From All Kinds of Internet Users*, at i. (May 28, 2006), *available at* http://www.pewinternet.org/pdfs/PIP_Broadband_trends2006.pdf.

- Broadband adoption increased by 70 percent among those with less than a high school education.
- Broadband adoption increased by 63 percent among senior citizens.[46]

Quite simply, broadband Internet access is transforming the delivery of video programming in America. As the *Wall Street Journal* reported less than three months ago, "[w]eb video is exploding – fueled by high speed connections, easier downloads and a flood of new entertainment offerings. . . . Search companies like MSN and Yahoo, Inc. are buying programming and emerging as online video destinations in their own right."[47] As one media executive noted, "We're on the verge of an explosion of these kinds of ultra-focused broadband channels . . . . Just as television evolved from the broadcast networks to cable channels, now we're seeing another splintering of the audience."[48]

The statistics prove that viewers indeed are migrating to the Internet for news, information and entertainment. Between 2001 and 2005, the growth rate of the Internet in terms of hours used per person per year was 39.7 percent.[49] During that same time period, the growth rate for broadcast television stations was -10.3 percent.[50] Moreover, younger viewers (ages 12 to 21) are leading the shift in consumption to online, which now accounts for 27 percent of this audience's weekly media usage, second only to television and home video.[51] These younger consumers are fueling the phenomenal

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[46] *Id.*

[47] Brooks Barnes, *Big TV's Broadband Blitz*, Wall St. J., Aug. 1, 2006, at B1.

[48] *Id.*

[49] Appendix at 11.

[50] *Id.*

[51] Appendix at 12; *see also id.* at 13.

growth of the Internet as a source of video entertainment, including through such popular video websites as YouTube and others.

Internet-only video options such as YouTube are examples of the explosive growth of the web as a video destination. YouTube claims that it is "empowering [its users] to become the broadcasters of the future" and that visitors watch more than 70 million videos daily on the YouTube website.[52] Google has bet on the future of the Internet as a video portal by agreeing to purchase YouTube – a company that has existed for less than two years – for $1.65 *billion*.[53] According to the *Wall Street Journal*, the purchase "highlights users' growing consumption of video online and the booming sales of Web advertising."[54] AT&T recently announced plans to introduce a streaming television service for subscribers with broadband access, which will initially offer 20 channels of programming.[55]

Many traditional programmers, including television broadcasters and cable networks, also offer streaming video on their websites to stimulate and supplement viewing of their television offerings, including previews of new series[56] and simulcasts of news programs.[57] Free or fee-based downloadable television programs, including news

[52] *See* About YouTube, http://www.youtube.com/t/about (last visited Oct. 22, 2006). Other recent estimates place the number as high as 100 million viewings per day.

[53] Kevin J. Delaney, *Google Looks to Boost Ads with YouTube*, Wall St. J., Oct. 10, 2006, at B1.

[54] *Id.*

[55] Leslie Cauley, *AT&T to Stream TV to Net Users*, USA Today, Sept. 12, 2006, http://www.usatoday.com/tech/products/services/2006-09-11-att-streaming-tv_x.htm.

[56] Two of NBC's new fall series, "Studio 60 on the Sunset Strip" and "Twenty Good Years," were made available online for preview on AOL.com prior to the commencement of the 2006-07 broadcast season.

[57] CBS is simulcasting its new "Evening News with Katie Couric" live on the Internet.

broadcasts, now give viewers additional options for choosing the time, place and manner of viewing the programs they want to watch.[58]

The key 18-49 demographic also increasingly uses mobile devices for accessing news, information and entertainment in a video format. According to the most recent biennial "News Consumption and Believability Study" conducted by the Pew Research Center for the People and the Press (released in July 2006), 23 percent of adults aged 18 to 49 receive news via a cell phone, personal digital assistant (such as a PalmPilot or BlackBerry) or an iPod or similar portable music player.[59] Because these younger viewers represent the future of media consumption in America, their current and expected viewing patterns must play a substantial role in the Commission's consideration of the local television ownership rule.

IV. THE OPTIONS AVAILABLE TO CONSUMERS FOR LOCAL NEWS, INFORMATION AND ENTERTAINMENT HAVE INCREASED EXPONENTIALLY SINCE THE LOCAL TELEVISION RULE WAS LAST REVISED

Just as competition for advertising dollars is good for advertisers, competition for viewers is beneficial for consumers because it stimulates the development of more and better sources of news, information and entertainment. In the seven years since the Commission implemented the only modification to the television ownership rule following its adoption in the 1960s, outlets and sources of news, information, opinion and entertainment available to consumers have multiplied dramatically. As a result,

[58] Digital video recorders, which have experienced phenomenal growth, also allow consumers to control the timing of their television viewing. *See 12th Annual Video Competition Report*, 21 FCC Rcd at 2530, ¶¶ 58-59.

[59] The Pew Research Center for the People and the Press Biennial News Consumption Survey, *Maturing Internet News Audience – Broader Than Deep: Online Papers Modestly Boost Newspaper Readership*, July 30, 2006, at 6 ("*Pew 2006 News Survey*"), *available at* http://people-press.org/reports/pdf/282.pdf.

Americans today enjoy unprecedented access to content from a dizzying array of providers.

A. National, Regional and Local Cable News Channels Are Growing In Number and Viewership

Many of the more than 500 satellite-delivered nonbroadcast programming networks identified by the Commission in the *12th Annual Video Competition Report* are devoted to news coverage, including such established national news channels as CNBC, MSNBC, CNN, Headline News, Fox News, Bloomberg, the Weather Channel and others. These cable news services have continued to expand their viewership, with median primetime cable news viewership increasing about 10% from 2.45 million in 2003 to 2.7 million in 2005.[60] Regional and local cable news channels are also growing in number and viewership. Approximately 40 such channels currently serve at least 17 markets, ranging from top-25 markets such as New York; Chicago; Philadelphia; Boston; Washington, D.C.; Seattle; and Phoenix; to smaller markets such as Norfolk, Virginia; Toledo, Ohio; Albany and Syracuse, New York; and Boise, Idaho.[61] These regional and local cable news outlets are capturing audience share that is growing in most markets.[62]

B. The Internet Has Become a Leading Source of News

Since the Commission last revised the local television ownership rule in 1999, the Internet indisputably has become a significant source of local, national and international

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[60] *PEJ 2006 Report*, Ch. Cable TV § Audience at 13, http://stateofthemedia.org/2006/printable_cabletv_chapter.asp?media=1&cat=1 (last visited Sept. 11, 2006).

[61] *See, e.g.*, Ass'n of Reg'l News Channels News Channel Directory, http://www.newschannels.org/Members.html (last visited Oct. 19, 2006); *12th Annual Video Competition Report*, 21 FCC Rcd at 2644-47, Table C-3.

[62] Appendix at 14.

news and information, a trend that is accelerating rapidly with greater broadband deployment. The Internet Software Consortium reported that, as of January 2006, there were nearly 400 million websites, or more than twice as many as in July 2002 survey, and more than seven times as many as noted in the survey conducted when the Commission last revised the local television ownership rule.[63] These websites provide a limitless cornucopia of content to the American adults – at least 147 million – who use the Internet.

The hundreds of millions of websites available to Americans with Internet access include a growing number of sites devoted to local, national and international news, and Americans are taking full advantage of these resources. Based on a December 2005 poll conducted by the Pew Internet and American Life Project, 50 million Americans turn to the Internet for news on a typical day, a "new high-water mark for online news-gathering that coincides with rapid growth of broadband adoption in American homes."[64] Moreover, the websites devoted to news are not limited to a national or international focus. Dozens of locally oriented news websites are available in metropolitan areas, large and small, and the number is growing daily. For example, Internet research reveals that the New York market has at least 55 locally oriented news websites, only a handful of which are associated with traditional media outlets such as newspapers and broadcast

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[63] *See* Internet Systems Consortium Internet Domain Survey (July 2006), http://www.isc.org/ops/ds//reports/2006-07/ (finding approximately 395,000,000 web sites as of January 2006).

[64] John B. Horrigan, Pew Internet & American Life Project, *Online News: For Many Home Broadband Users, the Internet is a Primary News Source*, at i (March 22, 2006) ("*Pew Online News Study*"), *available at* http://207.21.232.103/pdfs/PIP_News.and.Broadband.pdf.

stations.[65] Charlotte, North Carolina, a smaller market, has more than a dozen such locally oriented news websites.

One of the most important areas of the Internet's impact on the news is the political landscape. According to the Federal Election Commission (FEC) in a recent rulemaking proceeding, the Internet has transformed the way Americans obtain information about political campaign issues and candidates, including local races:

> The 2004 election cycle also marked a dramatic shift in the scope and manner in which Americans used websites, blogs, listservs, and other Internet communications to obtain information on a wide range of campaign issues and candidates. The number of Americans using the Internet as a source of campaign news more than doubled between 2000 and 2004, from 30 million to 63 million. An estimated 11 million people relied on politically oriented blogs as a primary source of information during the 2004 presidential campaign, and 18 percent of all Americans cited the Internet as their leading source of news about the 2004 presidential campaign.[66]

In the words of the FEC, the availability of the Internet has resulted in "the most accessible marketplace of ideas in history."[67]

The powerful communications phenomenon of the Internet "blog" cited by the FEC has arisen since the Commission last considered ownership issues. There are hundreds, perhaps thousands, of blogs devoted to political topics, including blogs focusing on specific local elections and the candidates and issues involved in those

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[65] There are also websites that offer local news from thousands of cities and towns around the world. *See, e.g.*, HomeTownFreePress Home Page, http://hometownfreepress.com (last visited Oct. 22, 2006) (providing links to over 5,000 local news sites worldwide); Topix.net Home Page, http://www.topix.net/ (last visited Oct. 22, 2006) (providing individual webpages with local news for U.S. and international cities).

[66] *See* Internet Communications, 71 Fed. Reg. 18589, 18591 (Apr. 12, 2006) (citations omitted).

[67] *Id.* at 18590.

elections.[68] Blogs provide consumers with diverse information and viewpoints on political (and other) topics and offer citizens the opportunity to communicate their own views and opinions to the world at large.[69]

V. LOCAL TELEVISION STATIONS MUST HAVE THE FREEDOM AND RESOURCES NEEDED TO MAINTAIN THEIR COSTLY NEWS OPERATIONS, INCLUDING OPPORTUNITIES FOR ADDITIONAL REVENUE STREAMS

Amid the current wealth of media choices for consumers and advertisers, including an unprecedented and growing number of local content sources, broadcast television continues to provide the free, over-the-air programming services that Americans have come to expect from their local stations. It is increasingly difficult, however, for local stations to bear the ever-rising costs of local and regional news operations in the face of competition from unregulated services that are fragmenting audiences and providing alternate sources of information and entertainment.

A. Free, Over-the-Air Television Remains a Leading Source of News for American Viewers

Despite the availability of numerous local and regional nonbroadcast content sources, studies consistently show that Americans continue to turn to news programming

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[68] *See, e.g.,* Ohio 2006 Blog, http://ohio2006elections.blogspot.com/ (last visited Oct. 22, 2006) (2006 mid-term elections in Ohio). AOL maintains an elections blog site. *See* The Stump AOL News Elections Blog, http://aolelectionsblog.com (last visited Oct. 22, 2006). There are also websites that index blogs to assist consumers in finding blogs of particular interest to them. Google, for example, offers a blog search tool. *See* Blog Search, http://search.blogger.com/ (last visited Oct. 22, 2006). Another website, The Truth Laid Bear, describes itself as "a fully developed portal to the blogosphere" and characterizes its "Blogosphere Ecosystem" as "the definitive weblog ranking system." *See* The Truth Laid Bear, http://truthlaidbear.com/AboutTTLB.php (last visited Oct. 22, 2006).

[69] The importance of blogs as a communications medium is reflected in Nielsen BuzzMetric's creation of BlogPulse.com, "a blog search engine that also analyzes and reports on daily activity in the blogosphere." *See* BlogPulse Frequently Asked Questions, http://www.blogpulse.com/about.html (last visited Oct. 22, 2006). According to BlogPulse.com, blogs "represent the fastest-growing medium of personal publishing and the newest method of individual expression and opinion on the Internet." *Id.*

presented by television stations, particularly in times of crisis or local emergency. A recent study commissioned by the RTNDA Foundation, sponsored by The Ford Foundation and conducted by Professor Bob Papper of Ball State University found that more Americans (65.5 percent) choose local television news as one of their top three sources for news than any other form of traditional or new media.[70] According to the *Pew 2006 News Survey*, while the percentage of Americans watching local television news has declined in the last 13 years as other sources of news claim viewers, local television news remains, by a wide margin, the most regularly watched source of news when compared to cable and broadcast network news programs: Fifty-four percent of respondents report that they regularly watch local television news, while 34 percent reported that they regularly watch cable news (the next-highest category).[71] Even young, Internet-savvy consumers with broadband connections continue to rely on their local television stations for news. The *Pew Online News Study* reports that 51 percent of under-30 respondents with broadband access reported obtaining news "yesterday" from local television, while 46 percent of this same demographic reported obtaining news from the Internet.[72] As the *PEJ 2006 Report* observed of local television news, "[P]eople like local news, partly for the simple reason that it is local. And it is increasingly formatted to help people with their lives, particularly in the early morning, when it offers a snapshot of headlines and late-breaking stories, and can help people figure out how best to get to work and tell them what the weather will be like."[73]

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[70] *See* Bob Papper, *The Future of News: A Study by The Radio and Television News Directors Foundation*, at 3 (Oct. 3, 2006), http://www.rtnda.org/news/2006/100306.html.

[71] *Pew 2006 News Survey* at 1.

[72] *Pew Online News Study* at 5.

[73] *PEJ 2006 Report*, Ch. Local TV § Local Cable Advertising at 1-2.

B. Increased Competition from Expanding Video Outlets and the High Costs of Producing Local Programming Put Local Station News at Risk

Local television stations have a strong commitment to producing local news programs because they know their audiences value and depend on the information they provide. ***But make no mistake about it*** – it is very expensive to produce and broadcast local news programs, and newsroom economics pose increasingly significant challenges to broadcasters, particularly because the product – news programming – has no repeat or syndication value. According to the *PEJ 2006 Report*, the "most striking finding" of its 2006 state of the news study is that less than half of the 1,223 stations surveyed report that they break even on local news.[74] "News profitability" (newscasts that were making a profit for the presenting station) hit an all-time low in 2004, with the number of news directors reporting a profit falling by almost 14 percentage points from the prior year.[75] That decline tipped the profitability balance from a majority of newsrooms reporting a profit (58.4 percent) in the prior year to a minority (44.5 percent) reporting profitability in the year under review.[76]

Profitability will be jeopardized even further as stations introduce high-definition production into their local newscasts. Currently, only about a dozen stations nationwide – including NBC's owned and operated Station WNBC, New York – have converted their local news production to high-definition, but others are expected to follow in the near future. This conversion affects all technical aspects of news production and requires costly capital expenditures at each station – both in the studio and in the field.

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[74] *Id.* at 20.

[75] *Id.*

[76] *Id.*

The digital transition also presents tremendous opportunities for broadcasters to offer increased local programming through multicasting, including news, weather, sports, foreign language programming, local alerts and traffic and travel-related information, AMBER alerts for missing children, state and local political coverage, minority-oriented programming and educational programming, including children's educational and informational programming. But the many benefits of multicasting can be realized only if the economics of television broadcasting can be made to work.

Over 90% of the nation's 1,371 commercial television stations and 381 noncommercial educational television stations have completed the construction of their digital facilities,[77] and nearly 700 of these stations are already offering multicast digital channels.[78] According to the Commission, approximately 32.5 percent of multicast programming during October 2005 was devoted to news, children's and educational programming, documentaries and weather.[79] This level of multicasting – even in the absence of a must-carry requirement or feasible over-the-air delivery of multicast channels – demonstrates the recognition by local broadcasters that they must have more outlets and must realize greater economies of scale in order to survive in today's (and tomorrow's) media marketplace. But multicasting is not and cannot be the whole answer.

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[77] *See Broadcast Station Totals as of March 31, 2006* (May 26, 2006), http://www.fcc.gov/mb/audio/totals/bt060331.html (television station totals as of March 2006); *DTV Stations on the Air (Licensed or on Official Program Test Authority)* (Oct. 3, 2006), http://www.fcc.gov/mb/video/files/dtvonair.html (1122 digital television stations on air with full power); Digital Television (DTV) Stations With Active Special Temporary Authorities (STAs) To Operate (Oct. 3, 2006), http://www.fcc.gov/mb/video/files/dtvstas.html (470 digital television stations on air with reduced power).

[78] *See* About Multicasting, http://www.multicasting.com/aboutmulticasting15.html (last visited Oct. 19, 2006); Letter from Marsha J. MacBride, Executive Vice President, Legal and Regulatory Affairs, National Association of Broadcasters, to The Honorable Kevin J. Martin, Chairman, Federal Communications Commission, CS Docket No. 98-120 (June 13, 2006) (Carriage of Broadcasters' Multicast Channels).

[79] *12th Annual Video Competition Report*, 21 FCC Rcd 2554 n.383.

As more and more programming is produced in high-definition and more Americans invest in digital television sets with high-definition displays, the bandwidth needed to broadcast that programming will increase, putting pressure on multicast channels. And in the absence of a must-carry requirement and with no over-the-air audience for these channels, the ad avails on multicast channels cannot command realistic prices.

VI. CONCLUSION

Today's highly competitive media environment provides Americans with access to an overwhelming amount of information from numerous and diverse local sources and offers advertisers a wealth of directly competing platforms on which to place ads. The Commission's consideration of the local television ownership rules must account for these dramatic developments and allow local stations the opportunity to compete fully and fairly.

Without some form of regulatory relief to allow local television stations to compete effectively in the media marketplace of today and tomorrow, the continued existence of free, over-the-air broadcasting is jeopardized. The Commission has the opportunity in this proceeding to adopt a regulatory framework that unleashes, rather than inhibits, the competitive potential of local television stations by creating opportunities for additional revenue streams in their local markets. Such a regulatory framework will ensure that free, over-the-air television continues to offer a viable competitive alternative to cable in local markets and continues to provide the news, information and entertainment programming that Americans depend on and value.

Respectfully submitted,

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October 23, 2006

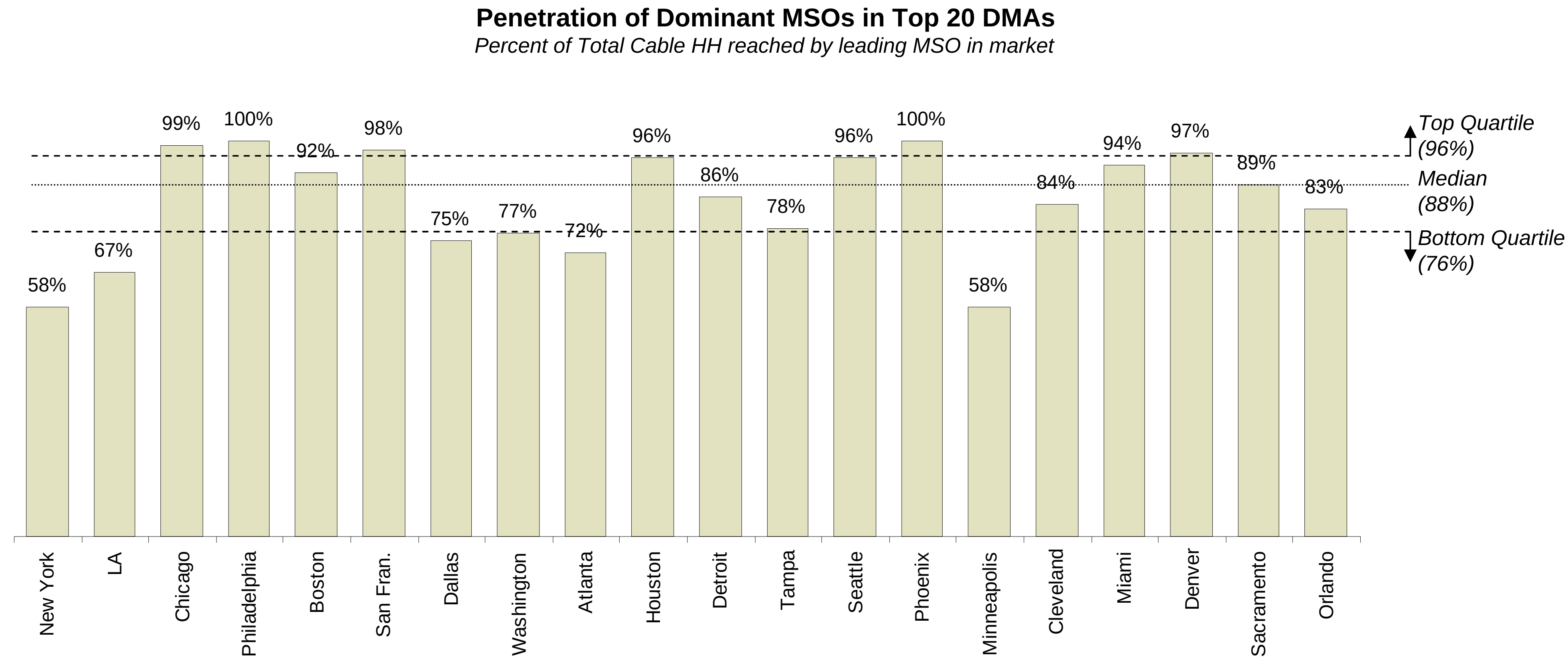
Appendix

Analysis of Local Media Data

Prepared in Support of Comments of NBC Universal, Inc. and NBC Telemundo License Co.

Submitted October 23, 2006
In MB Docket No. 06-121

In 16 of the top 20 television markets, one cable MSO controls at least 75 percent of cable subscribers

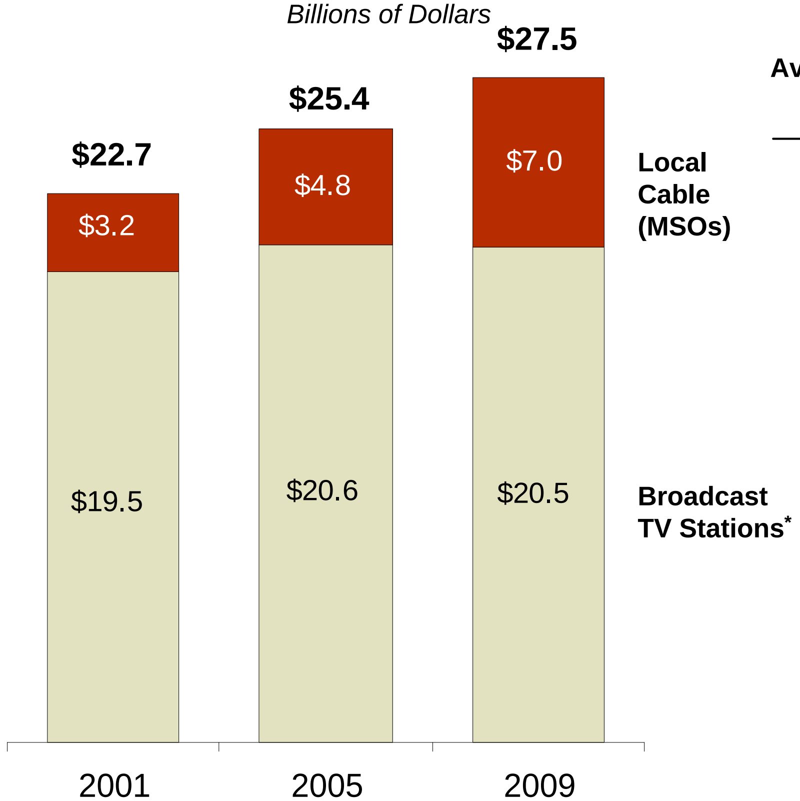


Source: Booz Allen analysis of data from Oppenheimer & Co. Based on 12/2005 subscriber counts in company documents, adjusted for impact of Time Warner / Comcast acquisition of Adelphia franchises

Cable is a significant competitor to Broadcast TV Stations for locally-targeted advertising

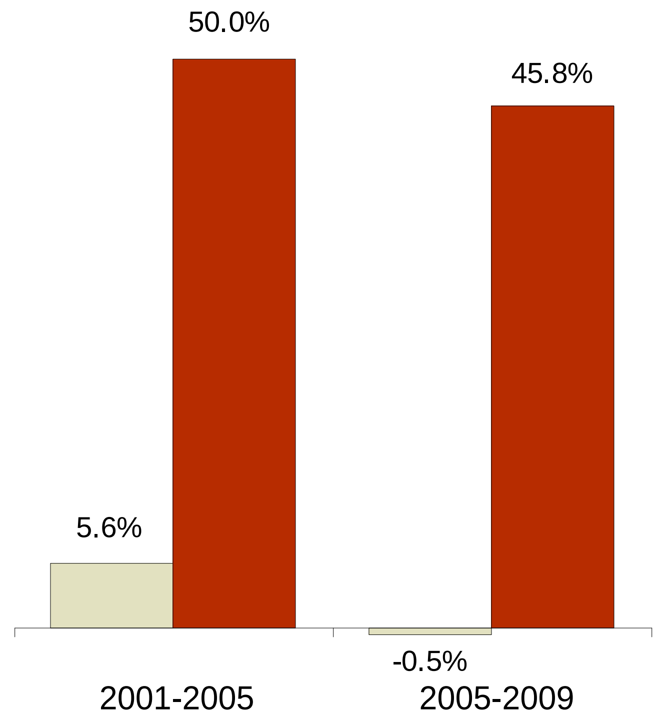
DMA-Targeted Advertising on Local TV and Cable

Billions of Dollars



	Average # of Providers In Top 25 Markets *as of 2005*
Local Cable (MSOs)	3.0
Broadcast TV Stations*	12.3

% Growth in Broadcast and Cable (Actual and Projected)



Note: (*) Broadcast TV Stations includes local ad on all commercial stations, including network owned and operated and affiliated stations, independent stations, and foreign-language stations such as Hispanic network affiliates.

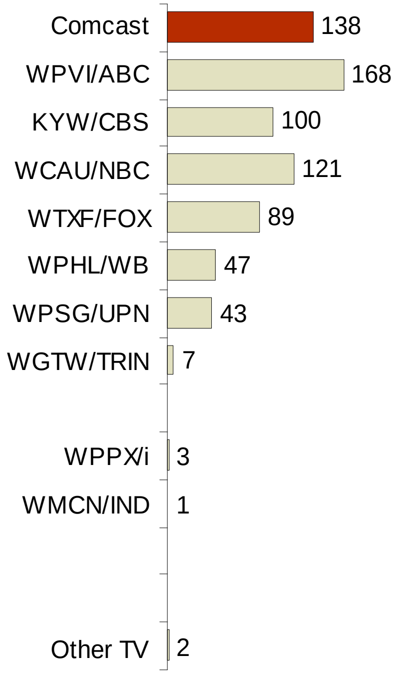
Source: Booz Allen analysis of data from PwC, Universal McCann, Wilkofsky Gruen Associates, Forrester Research

Cable is already the largest player for locally-targeted TV advertising in some major markets, and cable is gaining share

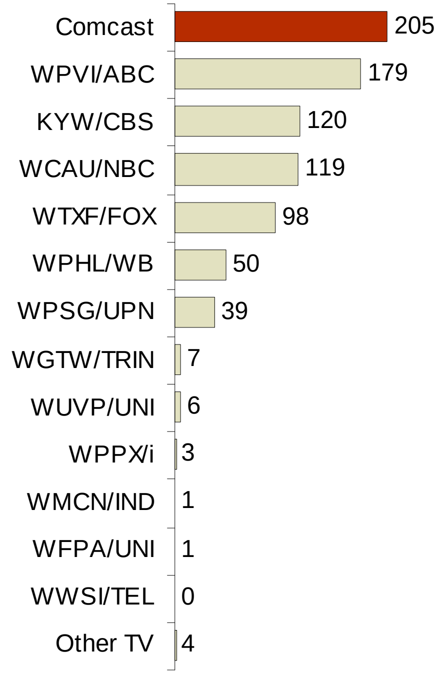
Select DMA Examples: Comcast vs. Broadcast TV Stations in Philadelphia

Local Ad Revenues in $Millions

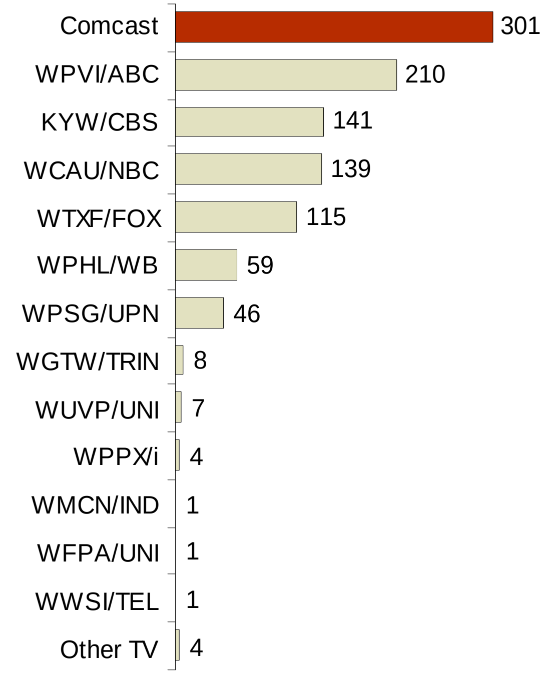
Philadelphia 2001



Philadelphia 2005



Philadelphia 2009



Note: All 2009 broadcast station numbers are based on a PHL market-wide 2009 projection from BIA Financial, and assumes each station grows at the overall market rate (share across stations does not change 2005-2009). Comcast's 2009 projection assumes that PHL local cable spending grows in 2005-2009 at the same rate as national local cable spending growth, shown in our overall market projections.

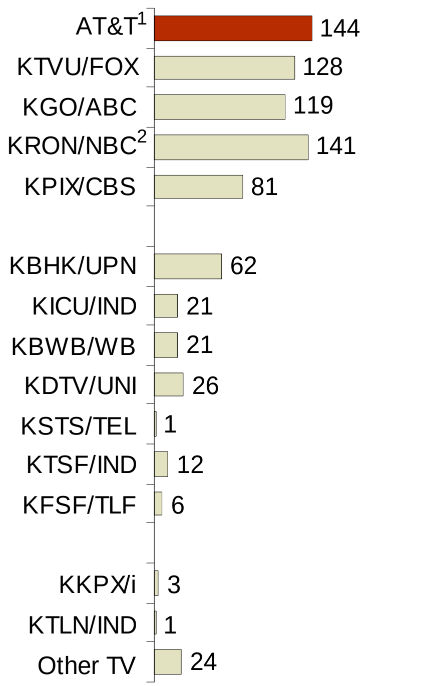
Source: Booz Allen analysis of data from Morgan Stanley 2005, PriceWaterhouseCoopers 2005, Veronis Suhler Stevenson 2005, TNS 2005, Jupiter, BIA Financial

(cont'd)… Cable is already the largest player for locally-targeted TV advertising in some major markets, and cable is gaining share

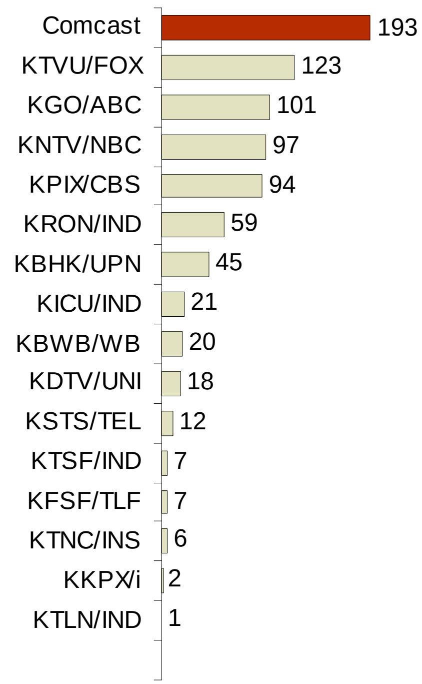
Select DMA Examples: Comcast vs. Broadcast TV Stations in San Francisco

Local Ad Revenues in $Millions

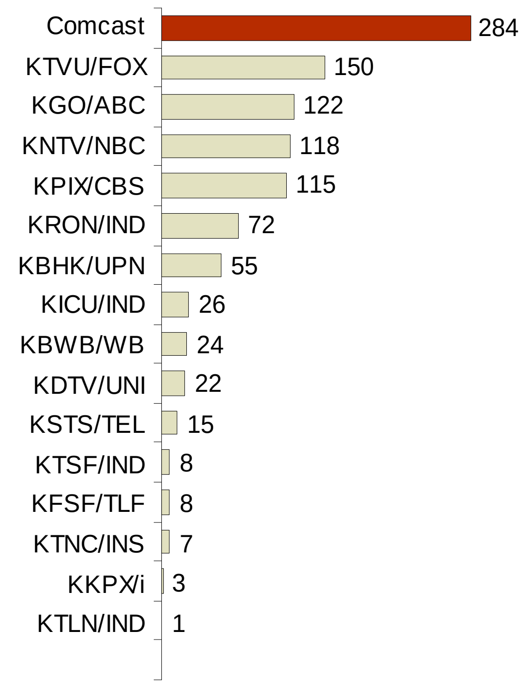
San Francisco 2001



San Francisco 2005



San Francisco 2009



Note: (1) Comcast acquired AT&T's cable operations in a transaction that was finalized in 2002

(2) KNTV San Jose began its affiliation with NBC in 2002, replacing KRON as the San Francisco NBC affiliate

All 2009 broadcast station numbers are based on a SF market-wide 2009 projection from BIA Financial, and assumes each station grows at the overall market rate (share across stations does not change 2005-2009). Comcast's 2009 projection assumes that SF local cable spending grows in 2005-2009 at the same rate as national local cable spending growth, shown in our overall market projections.

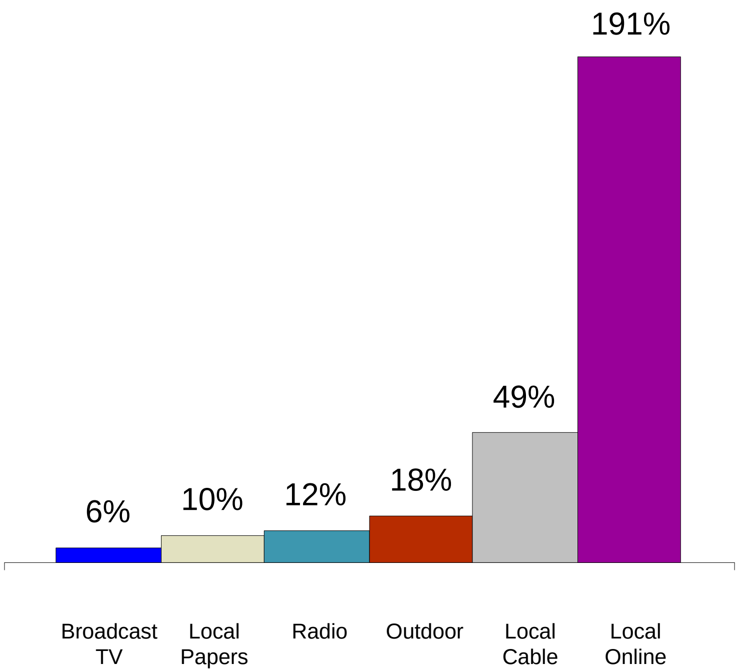
Source: Booz Allen analysis of data from Morgan Stanley 2005, PriceWaterhouseCoopers 2005, Veronis Suhler Stevenson 2005, TNS 2005, Jupiter, BIA Financial

Across these media, Broadcast TV has the slowest growth and is losing share to more rapidly growing forms of advertising

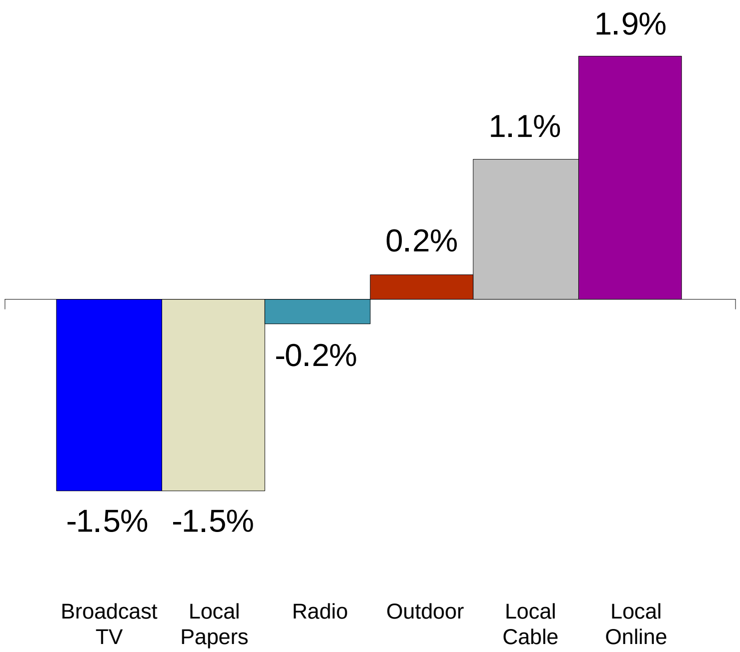
Locally Competitive Media, All DMAs

2001-2009

% Growth, 2001-2005



Change in % Share of Total Spend, 2001-2005

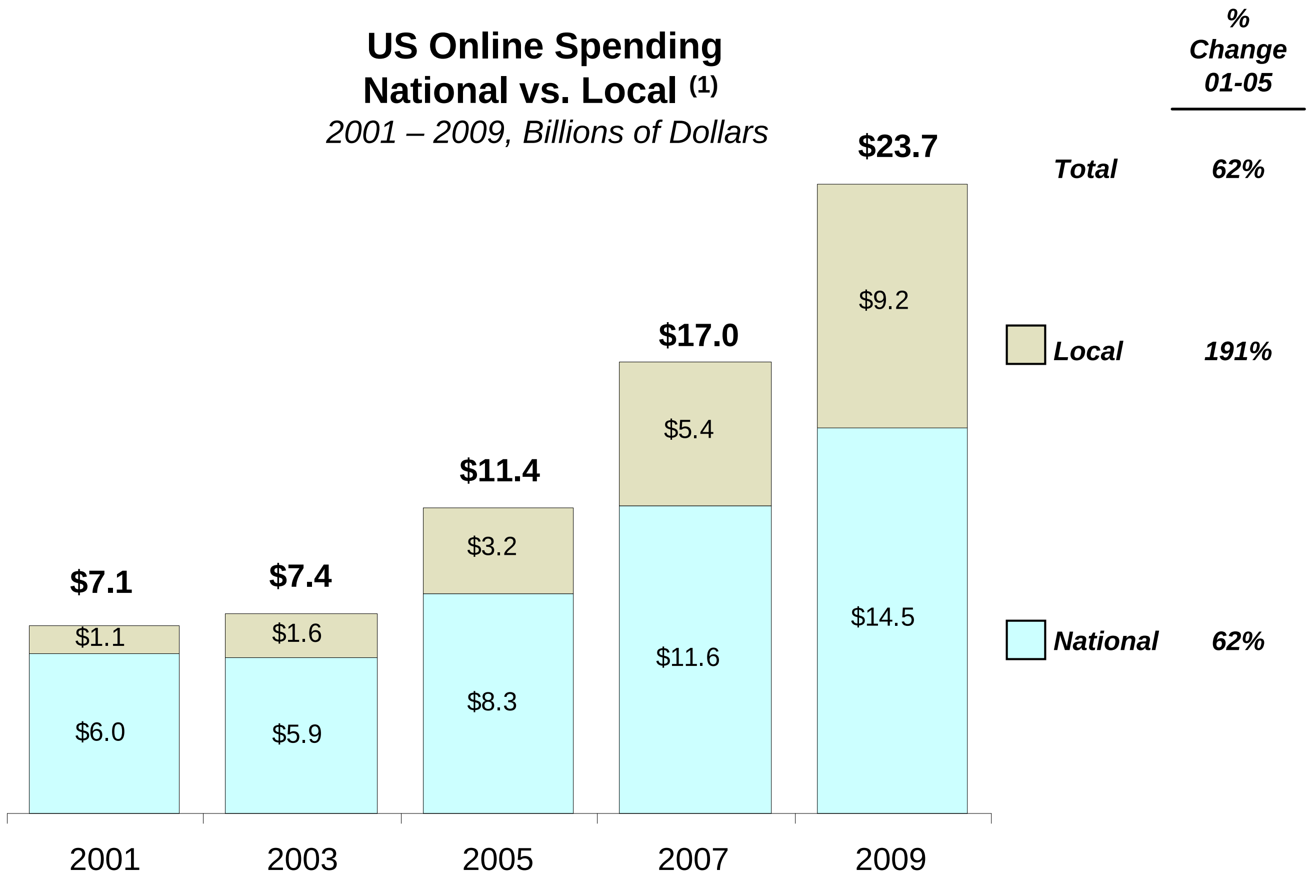


Note: Local Online includes revenue from local TV station, radio station and newspaper websites. Radio excludes network radio revenue, estimated at 5%. USA Today and WSJ excluded as national newspaper ad revenue. Newspapers include classifieds. Broadcast TV Stations includes local ad on all commercial stations, including network owned and operated and affiliated stations, independent stations, and foreign-language stations such as Hispanic network affiliates.

Source: Booz Allen Analysis of data from *Morgan Stanley 2005, Zenith Optimedia 2005, PriceWaterhouseCoopers 2005, Veronis Suhler Stevenson 2005, TNS 2005, Jupiter, Veronis, IAB, Harris Nesbitt*

Local online advertising is growing faster than national online – with improvements in search and increased presence of local companies

US Online Spending
National vs. Local (1)
2001 – 2009, Billions of Dollars



Local as % total	*16%*	*21%*	*21%*	*21%*	*28%*

Drivers of Local Online Growth

- Local online has broadened from classifieds to include a broad set of display and paid search media
  - Local media outlets are aggressively seeking to capture advertising revenues
  - Local portals compete for share of display and paid search advertising
  - Innovations in on-line targeting (e.g., geo-location) enable the growth in local search
- A growing number of very small advertisers is moving online
  - Though each of these advertisers is small, in aggregate they form a large market force
  - These advertisers are particularly prevalent on locally-targeted websites

(1) Local advertising defined as spend by all advertisers in media properties that are targeted locally (i.e., within a DMA or metro market)

Source: Booz Allen analysis of data from Borrell Associates, Jupiter, Veronis, IAB, Harris Nesbitt

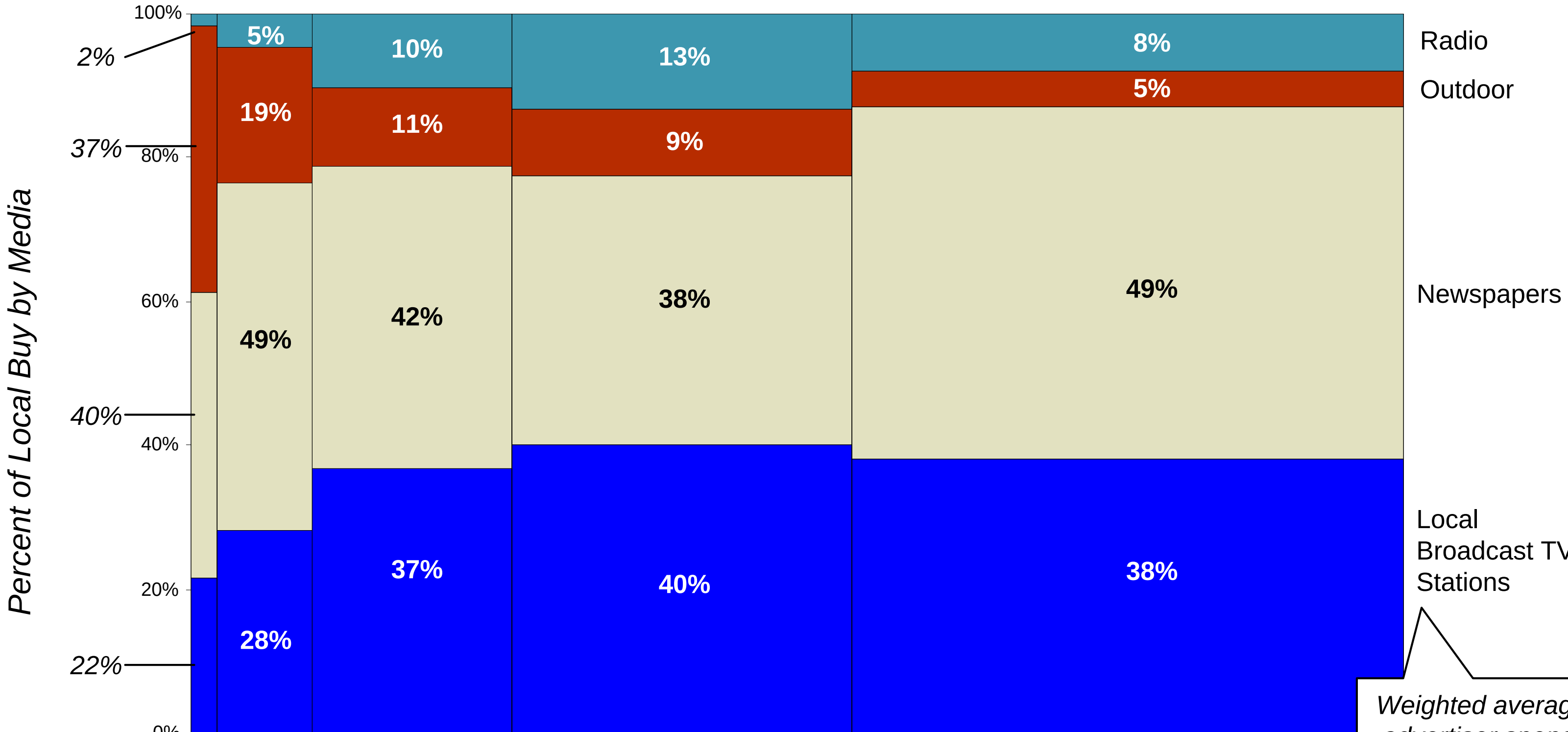
Broadcast TV stations capture less than 40% of advertiser spending on radio, outdoor, newspaper, and broadcast TV ads

Data set excludes local cable and online advertising, 5% and 3% of the national average – including them reduces the share of local broadcast to well below 40%

2005 Media Mix for Local Spend Across Broadcast TV, Newspapers, Outdoor, and Radio Advertising

All DMAs, By Spending Level, Advertisers Spending Over $10K

Media Type



Weighted average of advertiser spending on local broadcast TV is 38%

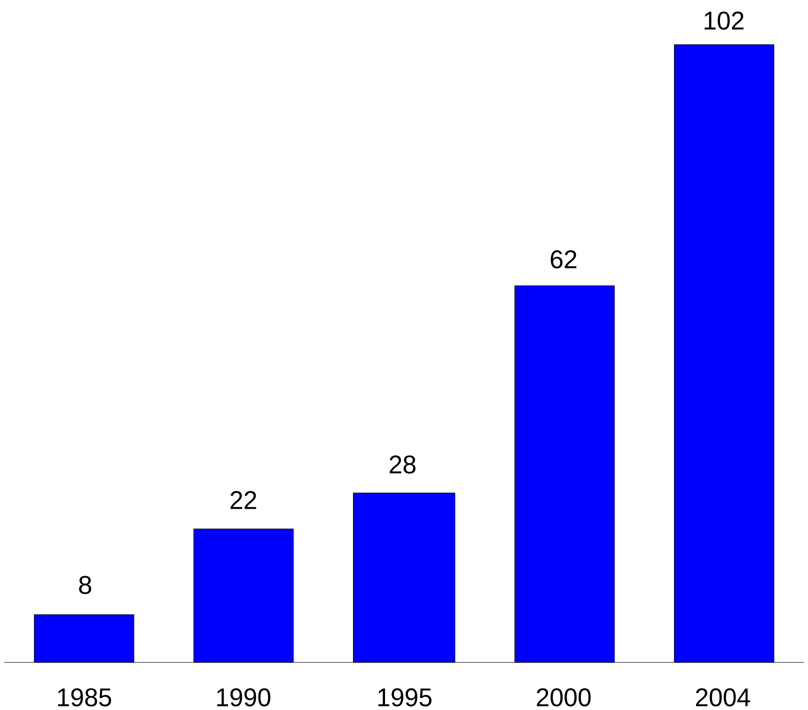
Spend Level	**Under $100K**	**$100K - $1MM**	**$1MM - $10MM**	**$10MM -$100MM**	**$100MM+**
Companies (#)	18.2K	7.8K	1.9K	400	63
Total Spend	$0.7B	$2.4B	$5.8B	$11.1B	$19.9B

Note: Only includes spending with identified advertisers and media types

Source: Booz Allen analysis of data from TNS

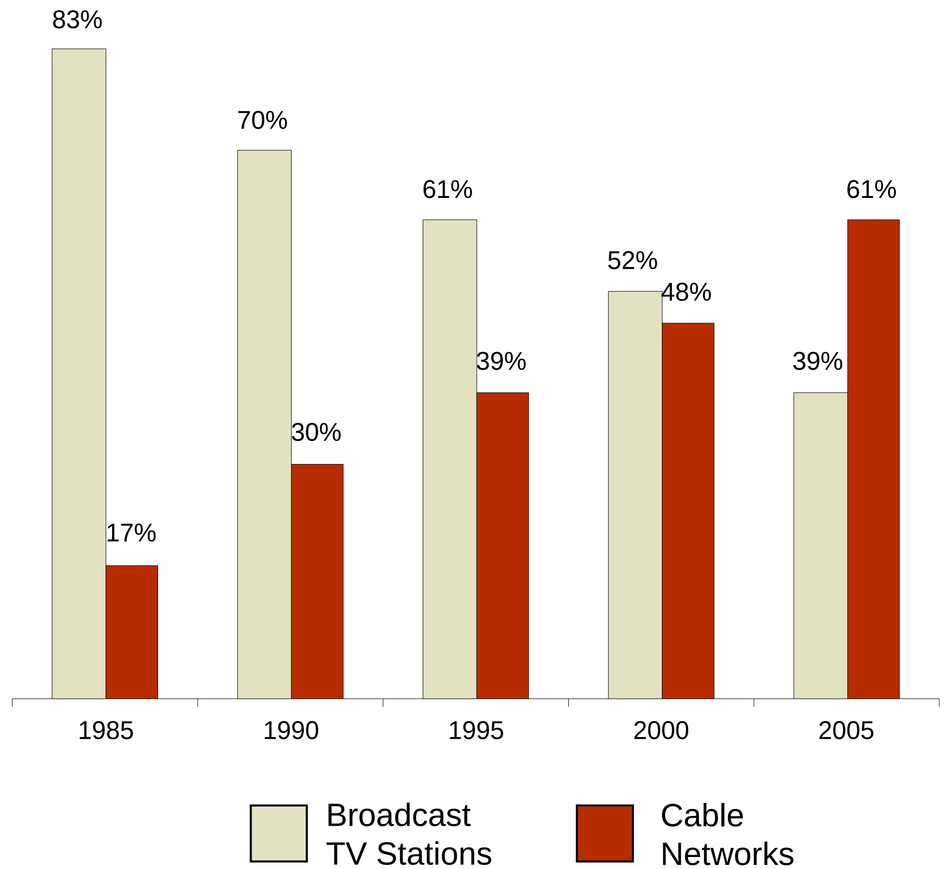
With a broader set of programming options available, viewers have dedicated a growing proportion of their TV time to cable networks

Average Number of Cable Channels Per Household



Cable vs. Broadcast Share Of Viewing

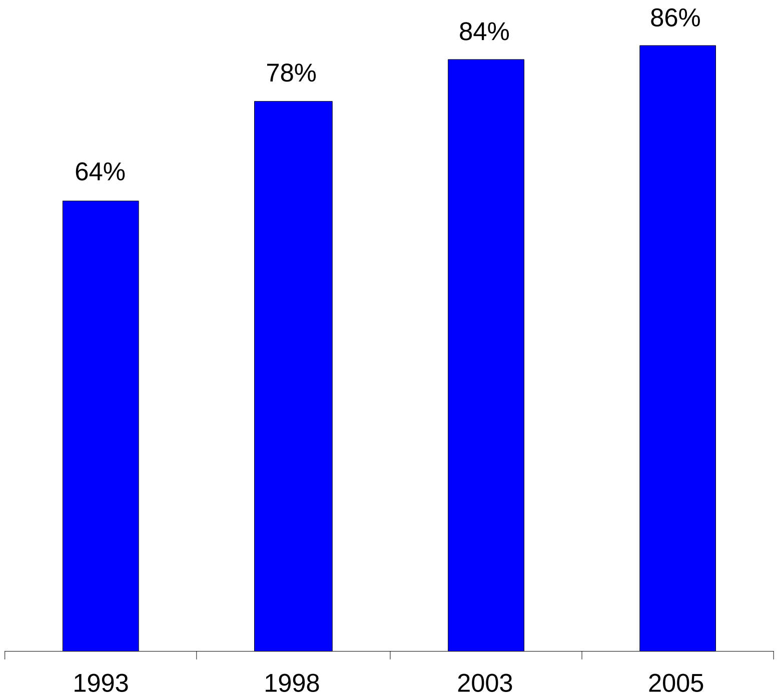
Total Day Share



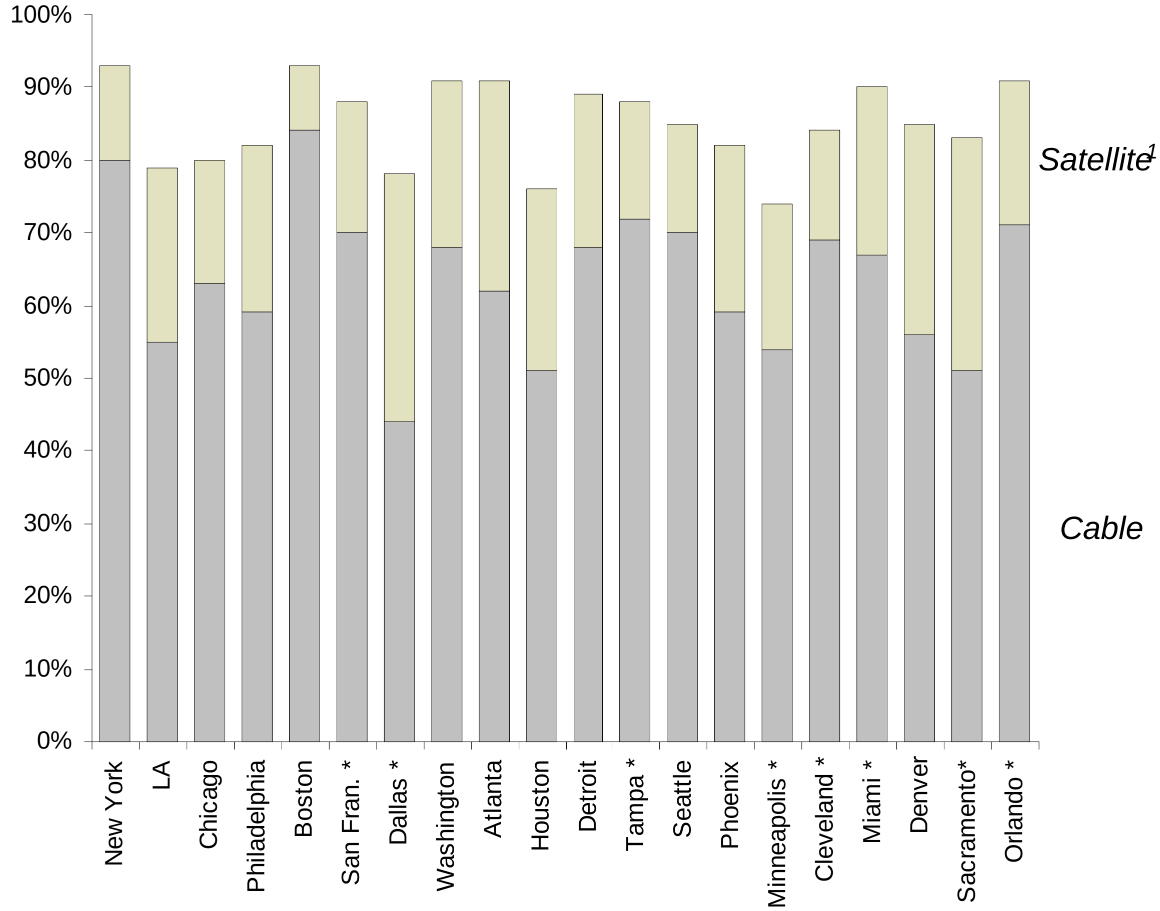
Note: Cable vs. Broadcast share includes some double-counting of multiple TV households. Excludes Pay Per View, Public TV, Independent TV
Source: Booz Allen analysis of data from Kagan, CAB,, Veronis Suhler Stevenson 2006

Nearly 9 out of 10 US households already subscribe to a multi-channel video service

Nationwide Penetration of Multi-channel Video Services



Multi-Channel Penetration in Top 20 DMAs, 2006



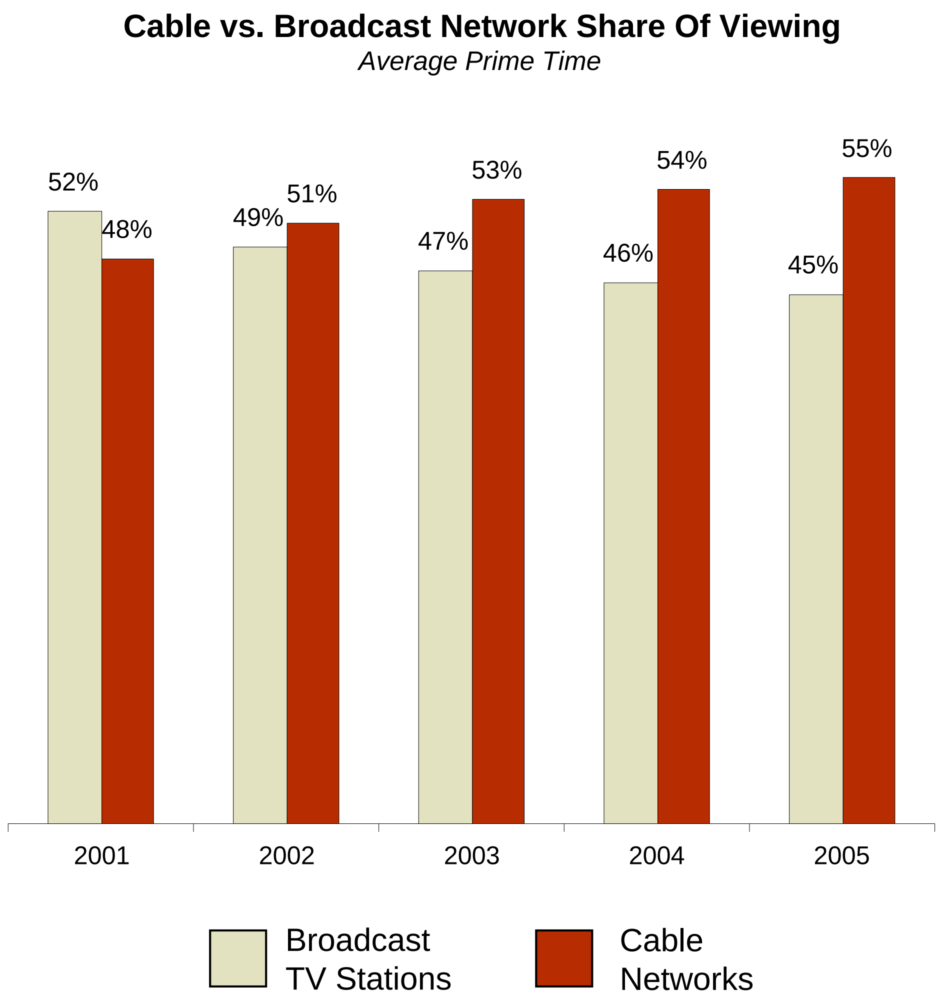
Source: Booz Allen analysis of data from FCC, Veronis Suhler Stevenson, Nielsen Media Research

Note: DMA penetration rates adjusted downwards by 1.5% (0.75% each for cable and satellite) to adjust for HH's with multiple services (based on FCC finding that multi-service HH's lead to overstate penetration by no more than 3%, 12th Annual Video Competition Report)

(1) Satellite includes DBS, Large Dish, satellite master antenna systems (SMATV) and broadband radio service

(*) Starred DMA's are abbreviated by omitting secondary cities from their label

Cable networks also capture a majority of prime-time TV viewing



Note: Cable vs. Broadcast share includes some double-counting of multiple TV households. Excludes Pay Per View, Public TV, Independent TV

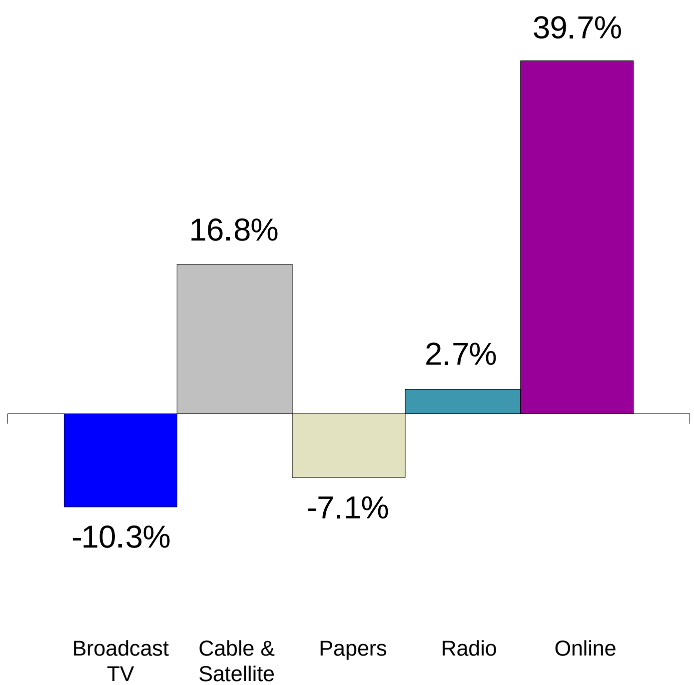
Source: Booz Allen analysis of data from Veronis Suhler Stevenson 2006

Cable TV is second only to online in terms of growth in time spent annually from 2001 to 2005

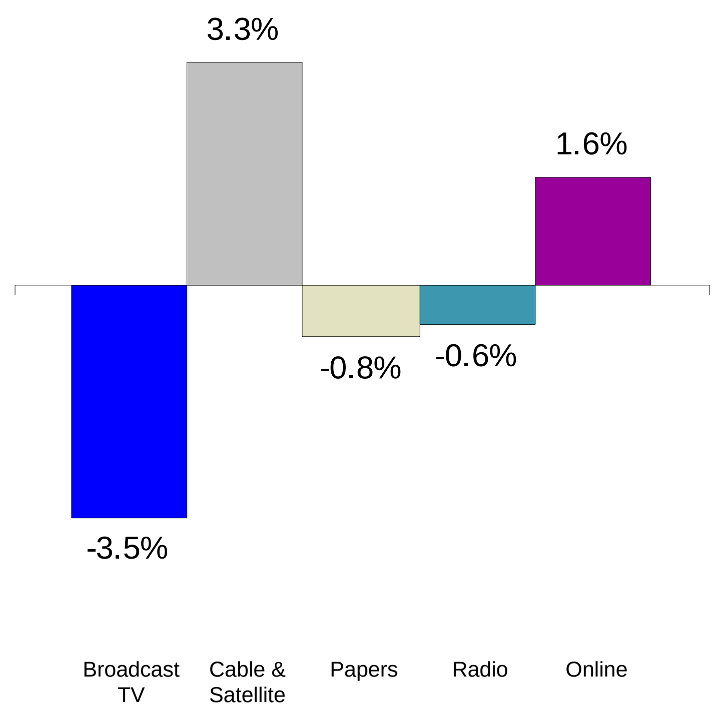
American Local Media Consumption

2001-2005, Hours per Person per Year

% Growth, 2001-2005



Change in % Share of Overall Time Spent, 2001-2005

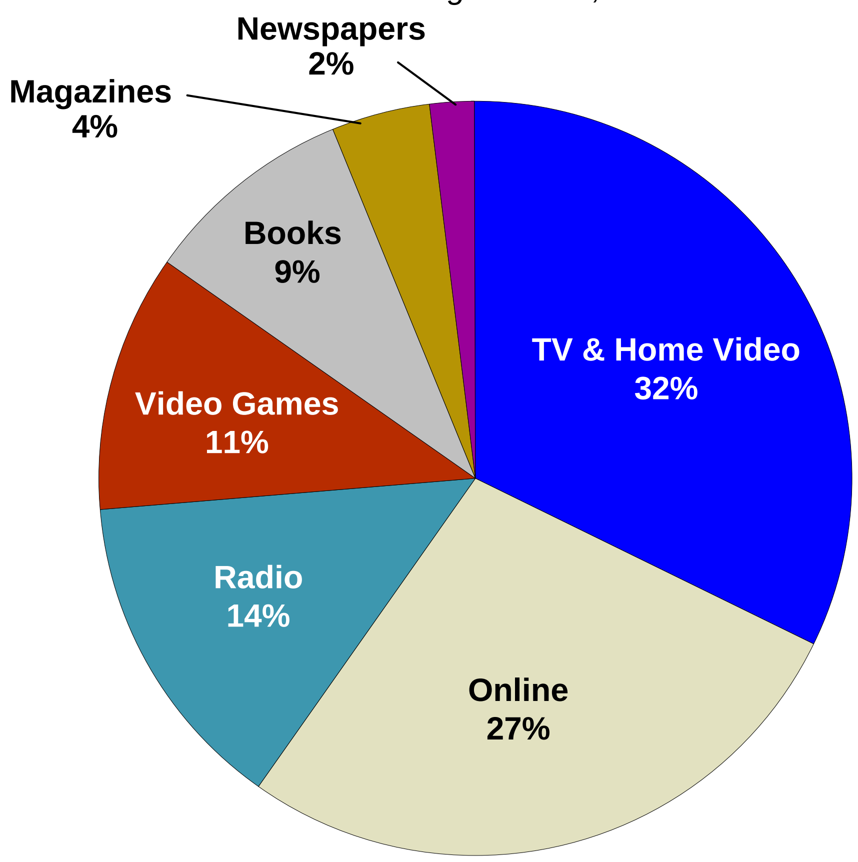


Note: Other categories of media consumption not included in this graph: public TV, premium cable, recorded music, books, video games, magazines, home video, box office
Source: Booz Allen analysis of data from Veronis Suhler Stevenson 2005

Younger audiences are leading the shift in consumption to online – while TV still leads, online surpasses radio and total print

Weekly Share Of Media Usage

U.S. Youth Aged 12-21, Online HH

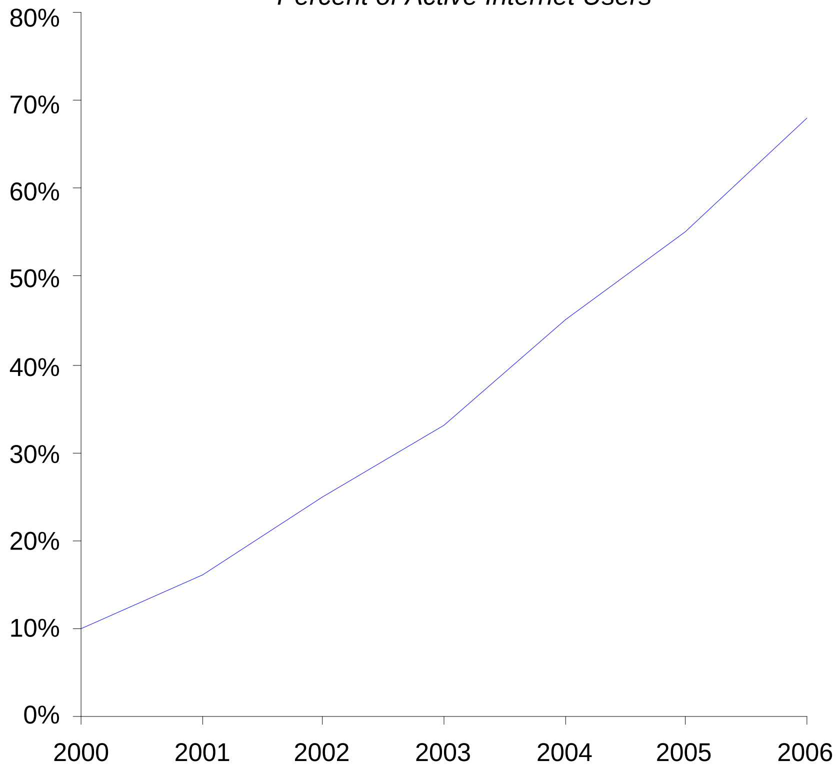


Source: Booz Allen analysis of data from Forrester Consumer Technographics, Q4 2005

With increasing broadband penetration and usage by broadband and younger users, time online is expected to increase dramatically

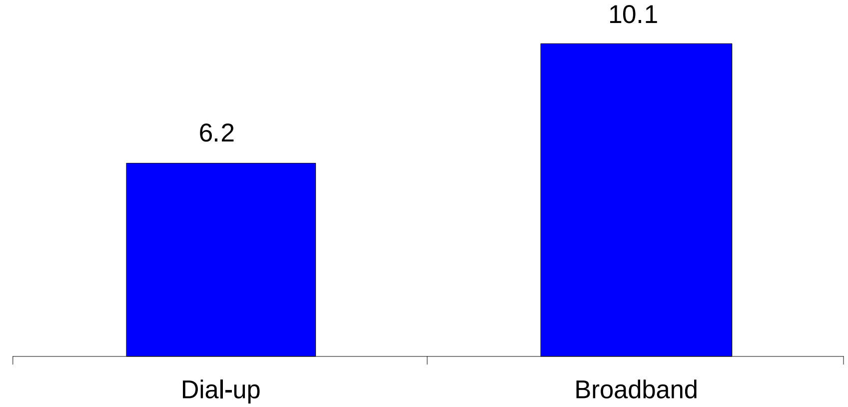
Broadband Penetration Rate

Percent of Active Internet Users



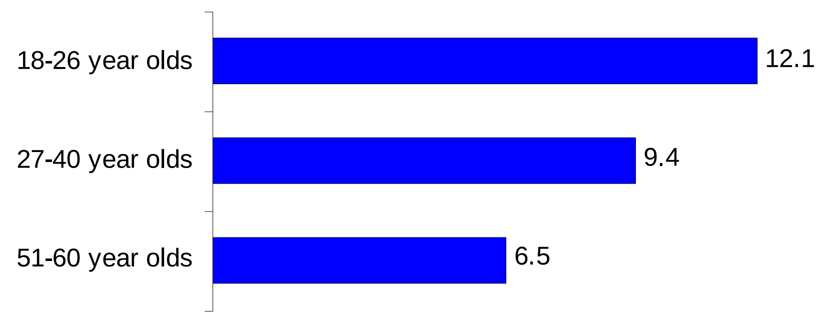
Average Time Spent Online

Weekly Hours On-line, Dial-up vs. Broad-band users, 2005



Average Time Spent Online by Age Group

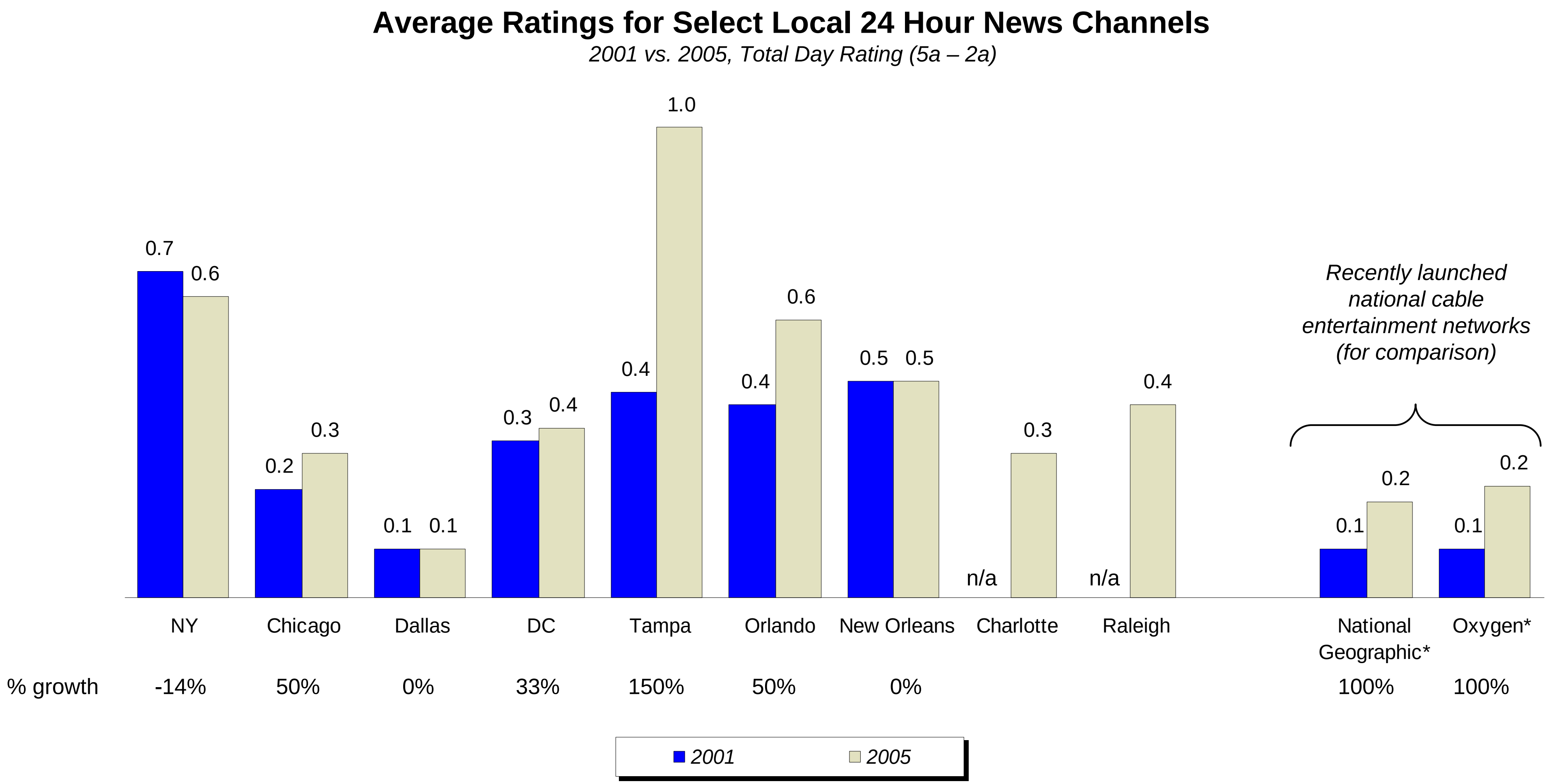
Hours on the Internet Each Week, 2005



Note: Age group averages exclude those who do not use the Internet

Source: Booz Allen analysis of data from Nielsen Net Ratings, Pew Charitable Trust, Forrester Research

Local cable news outlets are capturing a substantial audience share that is growing in most markets



Note: National Geographic launched January 2001, Oxygen in March 2000

Source: Booz Allen analysis of data from Nielsen Media Research